Agenda

Arlington City Council Special Meeting

Council Briefing Room
101 W. Abram St., 3rd Floor

Tuesday, August 02, 2016
12:30 PM

I. **CALL TO ORDER**

II. **EXECUTIVE SESSION** *(12:30 p.m.)*

Discussion of matters permitted by the following sections of **V.T.C.A., Government Code, Chapter 551**:

A. Section 551.071, **CONSULTATION WITH ATTORNEY**

1. Legal discussion regarding Meet and Confer statute

B. Section 551.072, **DELIBERATION REGARDING REAL PROPERTY**

1. **Storm Mitigation Project - All Cash Contract of Sale - Patricia L. Hatton and Frederick Leonard Hatton - 511 E. Inwood Drive**
A resolution authorizing the City Manager or his designee to execute an all cash contract of sale with Patricia L. Hatton and Frederick Leonard Hatton for the purchase of fee simple property rights in land being Lot 11-R, in Block 1, Southridge Park Addition, according to the plat entitled "A Revision of Lots 2 – 11 Inc. Blk 1 Southridge Park Add'n" and recorded in Book 388-4, Page 384 of the Plat Records of Tarrant County, Texas; with a physical address being 511 East Inwood Drive, City of Arlington, Tarrant County, Texas, and authorizing acceptance of the conveyance of fee simple property rights.

The lake level as of 8 a.m. Thursday, July 28, 2016 was 547.61 feet.

- The Arlington City Hall is wheelchair accessible. For accommodations or sign interpretive services, please call 817-459-6100 no later than 24 hours in advance.
- Council meetings are broadcast live on Arlington's Government Channel and rebroadcast throughout the week at the following times:

	Afternoon meetings	Evening Meetings
Sunday	1:00 p.m.	6:00 p.m.
Wednesday	1:30 p.m.	6:30 a.m.
Saturday	6:00 p.m.	6:30 a.m.

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- The Council agenda can be viewed on the City's website at www.ArlingtonTX.gov
- For a complete Arlington Government Channel program schedule, please visit www.ArlingtonTX.gov/Broadcast

C. Section 551.087, **DELIBERATION REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS**

1. Offers of Incentives to Business Prospects.

III. <u>WORK SESSION</u> *(1:30 p.m. or upon adjournment of Executive Session, whichever is later)*

A. FY 2017 Proposed Budget

B. Active Adult Center Update

C. Alternatives to Payday Lending

IV. <u>ISSUES SESSION</u>

A. Discussion of informal staff reports

1. Credit Access Business Update

2. Street Maintenance Crack Seal Program *(Councilmember C. Parker)*

B. Discussion of committee meetings

1. Community and Neighborhood Development - Food Truck Update

C. Discussion of miscellaneous items

1. Appointments to boards and commissions

2. Evening Agenda items

3. Issues relative to City and TxDot projects

4. Future Agenda Items

M E M O R A N D U M

TO: Honorable Mayor and City Council

FROM: Lemuel Randolph, Director of Parks and Recreation

SUBJECT: Active Adult Center Update

DATE: August 2, 2016

The purpose of this report is to provide an update for the Mayor and Council on the status of the Active Adult Center.

In September of 2015 City Council requested an analysis of the feasibility of an active adult center, a multigenerational center and a city wide recreation center. The study also included conceptual design renderings and site plan analyses of three potential locations. The feasibility study results include conceptual renderings of the active adult center and city-wide recreation center, projected development and operational cost of each center and City Council's prioritization of the active adult center at the Pierce Burch site for development.

As a result of the high profile location of the Pierce Burch site and available developable land adjacent to the active adult center, Council directed staff to determine potential private developer interest in the adjacent land that could include complimentary land uses. If appropriately structured the private development could offset some capital and/or operations and maintenance cost of the active adult center.

The cost of the active adult center estimated at @68,000sq ft in 2018 dollars is $37,700,000 with an annual operating cost in excess of direct center revenue that could range between $205,000(best case) to $708,000 (worst case).

Since the final City Council presentation on the feasibility study in January, several firms have expressed interest in a potential development at the Pierce Burch site. To accommodate potential interest a RFP was published in July. This RFP provides an overview of the overall site, highlight the conceptual renderings and site plan of the active adult center, and provide a general list of the types of complementary uses that could be considered including age restricted residential development, health and wellness facilities, and retail.

Responses to this RFP, due on September 1, will help define potential cost offsets to the active adult center. Available financing options for the active adult center include:

- Voter Authorized Capital Improvement – issuance of GO's
    - This method reduces debt capacity for other already approved projects (lengthens the time when these other projects are done)
- Type 4B Sales Tax election – accumulate the cash needed to build the facility

    - This method takes the longest to build the facility
- Type 4B Sales Tax election – issue bonds backed by the sales tax over 20yrs
    - This method would match the City's standard issuance practice of matching debt with life of facility
- Type 4B Sales Tax election – issue callable bonds
    - This method allows the City to accelerate the schedule of paying off the debt to less than 5yrs

- Public/Private Lease – Private constructs the facility, the City leases it back
    - This is the costliest method but does not require an election.

Staff is seeking City Council's direction on next steps relative to funding and timing of the active adult center development.

ALTERNATIVES TO PAYDAY LENDING

City Council Work Session
August 2, 2016

BACKGROUND

- On November 17, 2015, the Arlington City Council was the first city in Tarrant County to approve an ordinance regulating Credit Access Businesses, also known as payday lenders
- This presentation explores additional proactive efforts to help families achieve financial stability and gain access to affordable credit for emergencies and other needs
- Presentation responds to an inquiry from City Council about a Texas Municipal League article on "Alternatives to Payday Lending"

CITY RESPONSES/BEST PRACTICES

Cities across Texas are taking a proactive approach to minimize the effects of high fee/high interest loans through:

1. Ordinances, similar to Arlington’s Credit Access Business Ordinance
2. Alternative lending programs
3. Immediate access to earned income
4. Support for financial literacy programs

ALTERNATIVE LENDING PROGRAMS

1. Lending Partnerships with Employers
   - Community Loan Center – Rio Grande Valley Example
2. Small-dollar lending through credit unions and/or traditional lending institutions
   - First Convenience Bank
   - Oportun (formerly Progreso Financiero)
   - Tarrant County Credit Union -- Payday Plus, Credit Builder, and Second Chance Loans
3. Lending Circles

Community Loan Center

of the Rio Grande Valley

Affordable Small Dollar Loans

- RGV Multibank provides affordable, risk-free loans to employees of participating companies
- Since October 2011, the Community Loan Center has loaned $3.9M to borrowers in the Rio Grande Valley
- Interest and fees are reasonable for borrowers ($20 fee and 18% interest)
- Earnings are reinvested into the program for expansion and lending capital

CLC BENEFITS TO BORROWERS

- Loans are available from $400 - $1000
- Payback period is 12 months
- Cost saving alternative to payday loans
- No credit history or collateral needed
- No prepayment penalties
- Free financial counseling available
- Funds available within 2 business days of employment verification

CLC BORROWER REQUIREMENTS

- Minimum Age = 18
- Must be working at participating employer for at least 3 months
- Checking Account
- Driver's License or Passport
- Social Security Number

CLC BENEFITS TO EMPLOYERS

Employees are more productive when they are financially stable

Helps Attract and Retain Talented Employees

Zero Cost to Employers

Loan Payments are Fully Automated

CLC AVAILABILITY IN ARLINGTON

- Matt Hull, Executive Director of Texas Community Capital (TCC), is actively working to find a lending partner to provide community lending services in Tarrant County
- TCC administers Community Loan Centers in other cities, including Dallas, Waco, Longview
- Challenges: Access to lending capital and a willing non-profit partner that can administer the program
- If not a current lender, licensing process is 8-9 months

OTHER SMALL $ LENDING PROGRAMS

First Convenience Bank: Smart Cash Loan

- 7 locations in Arlington
- Loans from $200-$1000
- Interest rate of 12% with $10-$15 fees
- Loan term of 10-15 months
- Requires account with FCB and 6 months verified employment and income
- Not for individuals with bad credit
- Banking basics financial education course required (hard copy or online)

OTHER SMALL $ LENDING PROGRAMS

Oportun

- 1 location in Arlington
- Loans from $500-1200
- 36% Annual Percentage Rate
- Loan term of 7-18 months
- Targets unbanked and underbanked Hispanics
- Financial education provided as part of loan process
- Borrower must have $1000 minimum monthly income and 4 references
- Certified by the U.S. Treasury as a Community Development Financial Institution (CDFI)

LENDING CIRCLES

- Lending circles are safe, affordable ways for members to build credit through no interest, no fee social loans
- In Tarrant County, Family Pathfinders operates several lending circles in Tarrant County, including 1 in Arlington
- Results: 65 individuals in Tarrant County are currently participating in this program with opportunities for expansion

LENDING CIRCLES: EXAMPLE

- Family Pathfinders program provides small dollar loans (up to $1200)
- Members attend financial coaching and pay a small amount each month (e.g., $50) into a group fund
- Assets are reported to credit bureaus and availability of funds rotates among members in need of micro loans
- The program is supported through a partnership of Family Pathfinders, Mission Asset Fund, and The Thomson Family Foundation

IMMEDIATE ACCESS TO EARNED INCOME

- Employers typically pay workers every two weeks, which may create cash shortages for lower-wage workers
- New payday options allow workers to access their earned income immediately. Examples include:
  - Uber and Lyft payroll systems allow drivers to receive payment for work on the same day they earn it
  - Companies such as DailyPay, PayActiv, FlexWage, and Activehours provide workers with immediate wage payouts, based on hours worked, for a small transaction fee
  - Example: Goodwill of Silicon Valley used PayActiv to allow workers to early withdraw wages they had already earned, up to $500. Over 150 of 300 Goodwill employees used the cash advance at least once.

OTHER PROACTIVE APPROACHES

Current Programs Designed to Help Families Achieve Financial Stability

- Financial Literacy and Coaching
- Individual Development Accounts
- Volunteer Income Tax Assistance (VITA) Sites
- 30/40/30 Concept – Saving EITC Refunds
- Self-sufficiency programs
- Predatory Loan Conversion Program
- Financial Opportunity Centers – One Stop Shopping for Financial Resources

QUESTIONS/DISCUSSION

Informal Report to Mayor and Council

Credit Access Businesses
City Council Meeting Date: August 2, 2016

ISSUE

The City of Arlington's credit access business ordinance has been in effect since January 1, 2016. Additionally, last month the federal Consumer Financial Protection Bureau proposed a set of new rules related to payday lending. This informal report will provide an update on both items.

DISCUSSION

Following Council passage of the City's credit access business ordinance on November 17, 2015, staff worked with consumer and industry groups to notify them of the ordinance and to seek input on the consumer disclosure form required by the ordinance. Staff also worked to create an online registration process which allows credit access businesses to go through the required registration remotely. As of May 2016, there were 32 credit access businesses registered with the City of Arlington.

There has been one significant change to the payday and auto title lending landscape since implementation of the ordinance. A former credit access business with multiple locations has altered its business model so that it is no longer subject to the City's ordinance. That business is now making loans under Chapter 342 of the State Finance Code, which requires a separate state license. These seven-month loans have fees and interest rates set by the State and are different than the payday loans and motor vehicle title loans covered by the City's ordinance. This change in business practice resulted in the lender requiring customers who received credit from an Arlington location to begin making payments in other cities. The City received 15 complaints about this practice between January 4 and February 3, 2016.

On February 9, 2016, the Council passed ordinance updates including a new zoning classification for Alternative Financial Institutions (AFIs). The use standards include a requirement for 1,000 feet between AFI's, exclusions for locating close to neighborhoods and highways as well as prohibiting locations within the Entertainment and Downtown Neighborhood Overlay districts. Since the ordinance has been updated, no AFI's have been proposed.

On June 2, 2016, the Consumer Financial Protection Bureau (CFPB) proposed new rules to regulate payday lending nationwide. The CFPB proposed rules are similar to previously released versions which were summarized in previous presentations to Council. They include a determination of the borrower's ability to repay the loan in full, requirements to justify additional loans, limits on repeated attempts to withdraw payments from the borrower's checking account, and reporting requirements. Comments on the rules are due by September 14, 2016. Following comments, the CFPB will take time to review the comments and will then be able to issue the final rules.

ACTION
Staff will continue to implement the City's credit access business ordinance passed by the Council and will review the proposed CFPB rules to determine if there are any conflicts with the City's ordinance or if it is preempted by the final rule.

ADDITIONAL INFORMATION

Attached:	Consumer Finance Protection Bureau Factsheet
Under separate cover:	None
Available in the City Secretary's Office:	None

STAFF CONTACT(S)

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June 2, 2016

CONSUMER FINANCIAL PROTECTION BUREAU PROPOSES RULE TO END PAYDAY DEBT TRAPS

The Consumer Financial Protection Bureau (CFPB) today proposed a rule aimed at ending payday debt traps by requiring lenders to take steps to make sure consumers have the ability to repay their loans. The proposed rule would also cut off repeated debit attempts that rack up fees. These strong proposed protections would cover payday loans, auto title loans, deposit advance products, and certain high-cost installment and open-end loans. The CFPB is also launching an inquiry into other products and practices that may harm consumers facing cash shortfalls.

BACKGROUND ON PAYDAY, AUTO TITLE, AND CERTAIN HIGH-COST INSTALLMENT LOANS

The proposed rule would apply to certain short-term and longer-term credit products that are aimed at financially vulnerable consumers. Short-term loans are often described as a way for consumers to bridge a cash flow shortage between paychecks or the receipt of other income. These loans are typically due within two weeks to a month after being made. Longer-term loans are typically repaid in multiple payments over a period of months or years. All lenders would be subject to the CFPB's proposed requirements for any loan they make that's covered by the proposal. This includes banks, credit unions, and nonbanks. Lenders would be required to comply regardless of whether they operate online or out of storefronts and regardless of the types of state licenses they may hold. Loans covered by the proposal include:

- **Payday and other short-term credit products**: Payday loans are generally due on the borrower's next payday, which most often is within two weeks, and typically have an average annual percentage rate of around 390 percent or even higher. Single-payment auto title loans, which require borrowers to use their vehicle title for collateral, are usually due in 30 days with a typical annual percentage rate of about 300 percent. Most consumers end up renewing these short-term loans when they come due or reborrowing within a short period of time. The consumer pays more fees and interest each time they reborrow, turning a short-term loan over time into a long-term debt trap.

- **High-cost installment loans**: The proposal would cover loans for which the lender charges a total, all-in annual percentage rate that exceeds 36 percent, including add-on charges, and either collects payment by accessing the consumer's deposit account or paycheck or secures the loan by holding title to the consumer's vehicle as collateral. Some of the installment loans covered by the proposal have balloon, or lump-sum, payments required after a number of interest-only payments.

<u>Debt Trap Dangers</u>

The Bureau has serious concerns that risky lender practices in the payday, auto title, and payday installment markets are pushing borrowers into debt traps. Chief among these concerns is that consumers are being set up to fail with loan payments that they are unable to repay. Faced with unaffordable payments, consumers must choose between defaulting, reborrowing, or skipping other financial obligations like rent or basic living expenses like food and medical care. The CFPB is concerned that these practices also lead to collateral damage to other aspects of consumers' lives such as steep penalty fees, bank account closures, and vehicle seizures. Some of the debt trap dangers addressed in the proposed rule include:

- **Repeat short-term borrowing:** Reborrowing occurs when a consumer pays new fees to extend the loan for a longer period of time, or when a subsequent loan is taken soon after repayment. CFPB research shows that more than four-in-five short-term loans are reborrowed within a month. The majority of short-term loans are borrowed by consumers who take out a least ten loans in a row.

- **Default:** Default is the failure to repay a loan. After defaulting, some borrowers may become subject to aggressive and harmful debt collection efforts. Twenty percent of payday loan sequences end up in default, often after one or more instances of reborrowing. In addition, the Bureau's study of several payday installment and auto title installment lenders found that more than one-third of payday installment loan sequences and almost one-third of auto title installment loan sequences end in default, sometimes after the consumer has already refinanced or reborrowed at least once.

- **Auto Seizure**: Auto title loan borrowers who cannot repay the initial loan, which typically lasts 30 days, must reborrow or risk losing their vehicle. Losing access to a car or truck can have serious consequences for the consumer's ability to get to work or take care of health issues. CFPB research has found that one-in-five single-payment auto title loan borrowers ends up having their car or truck seized by the lender for failing to repay their loan. For auto title installment loans, 11 percent of loan sequences end up with consumers losing their vehicle.

- **Penalty Fees**: Attempts by online payday and payday installment lenders to debit payments from a consumer's checking account add a steep, hidden cost to online payday loans. CFPB research found that, over a period of 18 months, half of online borrowers have at least one debit attempt that overdrafts or fails. These borrowers incur an average of $185 in bank penalty fees, in addition to any fees the lender might charge for failed debit attempts, specifically, a late fee, a returned-payment fee, or both.

- **Account Closure:** A bank account may be closed by the depository institution for reasons such as having a negative balance for an extended period of time. CFPB research found that 36 percent of accounts with a failed debit attempt from an online lender ended up being closed by the depository institution. This happened usually within 90 days of the first insufficient funds transaction.

PROPOSAL TO END DEBT TRAPS

The CFPB is proposing a rule that would put an end to the risky practices in these markets that trap consumers in debt they cannot afford. The proposed ability-to-repay protections include a "full-payment" test that would require lenders to determine upfront that consumers can afford to repay their loans without reborrowing. The proposal includes a "principal payoff option" for certain short-term loans and two less risky longer-term lending options so that borrowers who may not meet the full-payment test can access credit without getting trapped in debt. Lenders would be required to use credit reporting systems to report and obtain information on certain loans covered by the proposal. The proposal would also limit repeated debit attempts that can rack up more fees and make it harder for consumers to get out of debt. These protections would be in addition to existing requirements under state or tribal law.

Full-Payment Test

Under the proposed full-payment test, lenders would be required to make an upfront determination of a consumer's ability to repay the loan. Before offering a loan, lenders would be required to check if the borrower can afford to pay the full amount of each payment owed when it's due, whether as a lump sum or an installment. The full-payment test includes the following:

- **Requirements for determining affordability:** Lenders would have to determine whether the borrower will have enough income to afford the loan, meet the consumer's major financial obligations, and still pay basic living expenses, like food and utilities. Lenders would be required to verify the amount of income that a consumer receives, after taxes, from employment, government benefits, or other sources. In addition, lenders would be required to check a consumer's credit report to verify the amount of outstanding loans and required payments.

- ***Payday and single payment auto title**:* For short-term loans, lenders would be required to determine that the borrower has sufficient income to pay the loans and to meet major financial obligations and basic living expenses during the term of the loan and for 30 days after paying off the loan or paying the loan's highest payment.
- ***High-cost installment loans**:* For installment loans with a balloon payment, lenders would be required to ensure a borrower can pay all of the payments when due, including the balloon payment, as well as major financial obligations and basic living expenses during the term of the loan and for 30 days after paying the loan's highest payment. For installment loans without a balloon payment, lenders would be required to determine that a borrower can pay all of the installment payments when due, as well as major financial obligations and basic living expenses during the loan's term.

- **Requirements for justifying additional loans:** The proposal would further protect against debt traps by making it difficult for lenders to push distressed borrowers into reborrowing or refinancing the same debt.
  - ***Payday and single-payment auto title**:* If a borrower seeks to roll over a loan or returns within 30 days after paying off a previous short-term debt, the lender would be restricted from offering a similar loan. Lenders could only offer a similar short-term loan if a borrower demonstrated that their financial situation during the term of the new loan would be materially improved relative to what it was since the prior loan was made. The same test would apply if the consumer sought a third loan. Even if a borrower's finances improved enough for a lender to justify making a second and third loan, loans would be capped at three in succession followed by a mandatory 30-day cooling off period.
  - ***High-cost installment loans**:* For consumers struggling to make payments under a payday installment or auto title installment loan, lenders could not refinance the loan into a loan with similar payments unless a borrower demonstrated that their financial situation during the term of the new loan would be materially improved relative to what it was during the prior 30 days. The lender could offer to refinance if that would result in substantially smaller payments or would substantially lower the total cost of the consumer's credit.

Principal Payoff Option for Certain Short-Term Loans

Under the proposal, consumers could take out a short-term loan up to $500 without the full-payment test as part of the principal payoff option that is directly structured to keep consumers from being trapped in debt. This option would be restricted to lower-risk situations and would require the debt to be repaid either in a single payment or with up to two extensions where the principal is paid down at each step. The specific parameters of the principal payoff option include:

- **Restricted to lower-risk situations:** Under this option, consumers could borrow no more than $500 for an initial loan. Lenders would be barred from taking auto title as collateral and structuring the loan as open-end credit. Lenders would also be barred from offering the option to consumers who have outstanding short-term or balloon-payment loans or have been in debt on short-term loans more than 90 days in a rolling 12-month period.
- **Debt is paid off:** As part of the principal payoff option, the lender could offer a borrower up to two extensions of the loan, but only if the borrower pays off at least one-third of the principal with each extension. This proposed principal reduction feature is intended to steadily reduce consumers' debt burden, allowing consumers to pay off the original loan in more manageable amounts to avoid a debt trap.
- **Debt risks are disclosed**: The proposal would require a lender to provide notices before making a loan under the principal payoff option. These notices must use plain language to inform consumers about elements of the option.

Reporting Requirements

The proposal would require lenders to use credit reporting systems to report and obtain information about loans made under the full-payment test or the principal payoff option. These systems would be considered consumer reporting companies, subject to applicable federal laws, and registered with the CFPB. Lenders would be required to report basic loan information, and updates to that information.

Less Risky Longer-Term Loan Option

The proposal would also permit lenders to offer two longer-term loan options with more flexible underwriting, but only if they pose less risk by adhering to certain restrictions. The first option would be offering loans that generally meet the parameters of the National Credit Union Administration "payday alternative loans" program where interest rates are capped at 28 percent and the application fee is no more than $20. The other option would be offering loans that are payable in roughly equal payments with terms not to exceed two years and with an all-in cost of 36 percent or less, not including a reasonable origination fee, so long as the lender's projected default rate on these loans is 5 percent or less. The lender would have to refund the origination fees any year that the default rate exceeds 5 percent. Lenders would be limited as to how many of either type of loan they could make per consumer per year.

Penalty Fee Prevention

Repeated unsuccessful withdrawal attempts by lenders to collect payment from consumers' accounts can pile on insufficient fund fees for consumers from their financial institution and prompt returned payment fees from the lender. A CFPB study over an 18-month period found that half of online payday and payday installment borrowers racked up penalty fees. These consumers were charged $185 in bank penalties on average from debit failures or overdrafts. More than one-third of borrowers with a failed payment ultimately lost their account. The following protections would apply to all loans covered by the proposal:

- **Written notice**: Lenders would have to give consumers written notice before attempting to debit the consumer's account to collect payment for any loan covered by the proposed rule. This notice, which generally would be delivered at least three days before the withdrawal attempt, would alert consumers to the timing, amount, and channel of the forthcoming payment transfer. If the payment transfer would be for a different amount, at a different time, or through a different payment channel than the consumer might have expected based upon past practice, the notice would specifically alert the consumer to the change. The Bureau believes the proposed required notice would help to reduce harm that may occur from a debit attempt by alerting the consumers to the upcoming attempt in sufficient time for them to contact the lender or the consumer's bank if there are any mistakes. It would also allow them time to make arrangements to cover payments that are due.
- **Debit attempt cutoff**: After two straight unsuccessful attempts, the lender would be prohibited from debiting the account again unless the lender gets a new and specific authorization from the borrower to again debit the account. An unsuccessful attempt includes a debit or withdrawal that is returned unpaid or is declined due to insufficient funds in the borrower's account. The lender would be required to obtain a borrower's new and specific authorization to make additional debits from the account. The CFPB's research has found that this limit on the number of times a lender could attempt to obtain payment would prevent the borrower from being assessed between $64 and $87 in overdraft or insufficient funds fees.

The CFPB's proposal is available at:
http://files.consumerfinance.gov/f/documents/Rulemaking_Payday_Vehicle_Title_Certain_High-Cost_Installment_Loans.pdf

INQUIRY INTO EMERGING RISKS

Today, the CFPB is also launching an inquiry into other potentially high-risk loan products and practices that are not specifically covered by the proposed rule. The Request for Information specifically focuses on:

- **Concerns about risky products not covered:** The Bureau is seeking information about forms of non-covered loans such as high-cost, longer-duration installment loans and open-end lines of credit where the lender does not take a vehicle title as collateral or gain account access. The CFPB's inquiry seeks information about the range and volume of installment and open-end credit products that are offered in this market, their pricing structures, and lenders' practices with regard to underwriting. The Bureau is also interested in learning whether these loans keep borrowers in long-term debt with a structure where borrowers pay down little to no principal for an extraordinarily long period.
- **Concerns about risky practices not covered:** The Bureau seeks to learn more about practices that can impact borrowers' ability to pay back their debt. This includes methods lenders may use to seize borrowers' wages, funds, vehicles, or other forms of personal property in a way that could pose consumer protection concerns. The Bureau is also interested in learning more about the sales and marketing practices of credit insurance, debt suspension or debt cancellation agreements, and other add-on products. Other practices subject to the inquiry include loan churning, default interest rates, teaser rates, prepayment penalties, and late-payment penalties.

The Request for Information is available at:
http://files.consumerfinance.gov/f/documents/RFI_Payday_Loans_Vehicle_Title_Loans_Installment_Loans_Open-End_Credit.pdf

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.

Informal Report to Mayor and Council

Street Maintenance Crack Seal Program
City Council Meeting Date: 8-2-2016

ISSUE

Councilmember Parker requested that staff provide the City Council with altenatives to the current crack seal program.

DISCUSSION

The crack seal process involves the application of flexible rubberized asphalt to roadways, which helps prevent water infiltration into the road base, thus extending the pavement life cycle. Roadways that are not properly sealed will quickly show signs of deterioration in the form of potholes and base failures. Crack sealing provides the most cost-effective, long term use of maintenance dollars compared to other pavement maintenance techniques. Crack seal is utilized at all stages of a roadway life cycle until the pavement reaches failure and requires reconstruction. This report will address the various methods and materials available to accomplish crack sealing.

Staff currently utilizes the “blow and go” technique in which compressed air is first blown into the crack to remove debris and dust. The sealant is then heated and applied to the crack using a wand applicator. Using a squeegee, workers level the material flush with the road surface, leaving a two inch wide band-aid configuration of material along the length of the crack. This method is the most efficient and effective for our climate. Another application technique is known as “rout and seal” in which a routing machine is used to cut a reservoir into the crack, which is then followed by blowing the debris and applying the sealant. The reservoir allows a larger amount of material to increase bonding and provides a smoother, narrower finish minus the band-aid appearance. The routing is very labor intensive, time consuming, costly and produces a significant amount of dust which generates citizen concerns.

There are also many different types of crack seal materials that are available for roadway placement, but generally all are either black or gray colored. Field Operations crews currently use a black colored Poly Flex III material that does not adhere to tires when freshly applied. The color of the final product can be disguised with a blotter coat of colored sand. Sand can be hand applied to the finished crack seal material to better blend with the roadway surface. Staff has reviewed other crack seal materials, including a gray colored sealant that will better blend with the roadway surface when applied. However, the material has shown that it quickly darkens once traffic begins to drive over it. Due to specialized production methods and low demand for the material, the cost of this gray material is significantly higher than our current black material, with essentially the same performance and life cycle.

There are various full width roadway seal coating methods that could be applied to cover the crack sealant which would give a uniform appearance of the entire street. The City has previously utilized micro-seal, chip seal, slurry seal and others. Since these coatings only seal very small cracks, crack sealing must be done before applying the coating to ensure larger cracks are adequately sealed. Past experience with these methods has resulted in numerous citizen concerns; including uneven edge lines, material flowing into the gutter, tracking material onto driveways, flying rocks, and destruction of fresh coating when citizens turn into their driveways. Reflective cracking typically appears within 1-2 years and the surface will begin to unravel and wear off within 5-7 years. Due to these various concerns, the decision was made in 2008, to no longer use coating processes on residential streets.

HA5 (High Density Mineral Bond) is a relatively new coating process and is comprised of a mixture of fine aggregates combined with a base emulsion, which includes specialized materials to resist UV damage. This process claims to reduce cracking and raveling by effectively preserving the existing asphalt. It is promoted to reduce aging by restoring oils and resins to the surface with a 5 -7 year life cycle. Crack seal must be applied before the HA5 treatment to ensure large cracks are sealed. The HA5 treatment does not work well on high volume streets with heavy loads but would be suitable for residential use. Since the application process is similar to micro seal, HA5 may exhibit some of the same negative features experienced with other coating treatments.

The City's average current cost for the black material installed with the "blow and go" technique is approximately $10,000 per lane mile. Below is a table illustrating approximate costs for alternative materials and techniques. Introducing any of these alternative methods will reduce annual funding available for the current street maintenance strategy of addressing streets rated below 50 OCI.

Treatment	**Life Cycle (yrs)**	**Cost (per lane mile)**
Black material: "blow and go"	3-5	$ 10,000
Black material: "rout and seal"	3-5	$ 30,000
Gray material: "blow and go"	3-5	$ 50,000
Black material with Sand Blotting	3-5	$ 15,000
HA5 and Crack Seal	5-7	$ 30,000

ACTION

The Department of Public Works and Transportation will continue to utiize crack sealing as a preventative maintenance process. In addition, a pilot program to evaluate the cost-benefit of "rout and seal" technique, sand blotter coatings, gray material, and HA5 will be initiated. Staff will continue to solicit vendor demonstrations and evaluate other alternative methods for sealing the roadway.

ADDITIONAL INFORMATION

Attached:	None
Under separate cover:	None
Available in the City Secretary's Office:	None

STAFF CONTACT(S)

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COUNCIL COMMITTEE MEETING SCHEDULE

<u>Tuesday, August 2, 2016</u>

11:30 a.m. – 12:00 p.m.	**Community and Neighborhood Development** *Arlington Conference Room A* Lana Wolff, Chair Kathryn Wilemon Charlie Parker Sheri Capehart

The Afternoon Council Meeting/Executive Session will begin at 12:30 p.m.

Office of the City Manager

AGENDA

COMMUNITY AND NEIGHBORHOOD DEVELOPMENT COMMITTEE

CITY OF ARLINGTON
ARLINGTON CONFERENCE ROOM A – THIRD FLOOR
101 WEST ABRAM STREET
ARLINGTON, TEXAS

AUGUST 2, 2016
11:30 A.M.

I. **<u>CALL TO ORDER</u>**

II. **<u>NEW BUSINESS</u>**

A. Food Truck Update — 30 minutes

III. **<u>ADJOURN</u>**